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OBSERVATIONS ON THE SUBJECT OF TRUSTEES

I am inclined to think that insufficient attention has been paid to the relationships involved by entrusting educational or hospital institutions to the care of boards of trustees. Though in many instances precise statement cannot wisely be made in the absence of a specific institution and well defined functions thereof, it does seem possible that something of a review by title of some of the aspects of trustees' work would be worth while.

In the succeeding paragraphs reference will be made to the purposes for which trustees exist; their functions as trustees; various methods and considerations in their selection; their relationships and methods of operation as trustees; methods of recompense; and defects or abuses of trustee relationship.

The purpose of having a board of trustees as distinguished from other forms of management, probably derives in the first instance from the likelihood that in matters of institutional guidance two heads are better than one, and indeed up to a certain point a number of persons are likely to arrive at wiser decisions than a small group. Rather more specific than this generality, however, are the following purposes which boards of trustees are created for: to define policy and to make equally definite and deliberate modifications of policy originally decided upon; to give continuity to policies - and continuity, for example, extending beyond the lifetime of any one individual; to protect administrative officers from criticism based upon the charge of personal preference or individual pique; to share publicly with the administrative officers the responsibility both for selected policies

and for the administrative methods adopted to effect them.

It is not perhaps entirely valid to differentiate between the purpose of having trustees and the function of trustees when you have them, since it is obviously the function of trustees to select policies and maintain them as well as to be responsible for the actions of administrative officers and the conduct of the enterprise in general. There are, however, some additional functions which deserve mention. The trustees commonly are laden with the legal ownership of the property of the enterprise; they usually are responsible for the selection of the principal salaried officers ~~officers~~ and the determination of the contract made with such officers. In many enterprises the trustees are charged with the raising of funds. Furthermore, it is the responsibility of the trustees to connect this enterprise with other elements in the community and sometimes to connect the enterprise with comparable enterprises elsewhere or national organizations of which they are trustees.

One of the most elusive functions of the trustee as an individual is to know the work of the institution thoroughly. In one charity hospital that I know it is the duty of the trustees in rotation to approve all the bills paid by the treasurer of the institution at the end of each month. The trustees thus individually are obliged to go over the whole structure of the budget and by assuming individual responsibility for payments in any given month to have a rather clear^{er} idea of the working of the institution than is otherwise obtainable. In another hospital I know each trustee is held responsible for visiting the hospital on a formal inspection trip at least once a year, and no failure on the part of every trustee to discharge this duty once during the year has been recorded in the annals of the hospital for 102 years.

Careful attention should be given to the methods of selection of trustees. The measures taken at the outset will probably differ from those followed for renewal of the trustee membership, and most of the following remarks will concern renewal methods rather than initial set-up. Whether elections to trustee positions should be elective or appointive depends in some measure upon the size of the enterprise and its nature. If it is rather a large undertaking with anything comparable to the role played by the alumni in universities, it is of value to have the analogue of the alumni body feel that it has representation on the Board of trustees. This feeling may be obtained through developing the custom of such representation, or by the positive stipulation that at least one trustee shall represent the alumni. It is frequently advantageous to foresee and forestall a demand for stipulated representation since on the whole wiser choices can be made within the bounds indicated by custom than those indicated by stated rules or stipulations. It is wise to consider the representative quality of a trustee board in the selection of trustees in such a way, for example, that the board will have in its membership some person or persons to represent the community, others to represent the general field of its activity but not in the community and still others to represent alumni, former patients^{etc}, and still others to represent either the staff or persons thoroughly familiar with the actual operation of comparable organizations.

Another method of selection of trustees is to leave renewals entirely to the existing board. This is sometimes done through the device of a nominating committee which proposes a list of perhaps three or five

candidates for the approval of the board as a whole. In the Scandinavian countries nomination is sometimes accompanied by a written statement of the name in the order of preference and with a written definition of the reasons for the consideration of each individual name. This has some very definite advantages and places the work of the nominating committee on a somewhat more formal and responsible basis than is commonly the case.

Another method of renewal of trustee membership is that of leaving the matter in large measure to the executive officers who suggest candidates to the existing board for its approval. There is some doubt as to whether this can be avoided especially at the outset of an undertaking, but it obviously opens the path for a somewhat unwisely large measure of control vested virtually in the hands of administrative officers.

The complexion or nature of the board of trustees ought to be related to age distribution, geographical availability, knowledge of the work in hand, (perhaps through personal interest or membership in similar enterprises), status in the community, and another quality rather hard to define but certainly involving interest, thoughtfulness, equanimity and articulate critical faculties. It is rather rare to have an age limit as low as 65 for trustees but there are considerable advantages in having a retiring age and making no exceptions to it. The principal advantage is that it keeps the institution attuned to the needs of its time and prevents inveterate and reactionary fixation and disregard of current ~~reactionary~~ developments and needs. It is important also to avoid the implication that it is managed by tired old men.

Geographical availability bears on the practical importance of having full board meetings and if the executive committee system of organization is adopted this bears upon the obvious importance of being able to get a quorum for hurried meetings. Definite attention should also be given to the duration of the trustee's service. Is the trustee's term to be limited, or is it a life appointment? Most considerations would point to the advantages of a term of three to ten years and it is worth noting that some organizations provide that a second term of service cannot follow immediately upon the first. When this is a stipulated regulation trustees terminate their relationship without pique or a feeling of being slighted, but after a lapse of two or three years they can be called back to a second term when they have proved themselves to be good trustees. When they haven't shown this capacity they are no burden to the board on the basis of "senatorial courtesy".

It might be noted that there is a real advantage in having scattered in the community men who have served upon the board of trustees and are aware of the problems of the institution but who have no longer an explicit responsibility. This, for instance, is usually seen in the matter of public school boards in which it is a great advantage to the community to have former board members who understand the work of the school board and are likely to act as excellent interpreters of its work to the community at large.

The English have a form of membership in trustee bodies not commonly in use in this country but which has some functions that are more real than apparent. The device referred to is that of a non voting membership which is used in England to allow representation for other organizations without giving them voting power. The device

4

has the further advantage of allowing the other organization to have formal access to the policy and deliberations of a given organization and to present points of view directly to the trustees through exposition and argument with final responsibility and power nonetheless reserved to the voting trustees.

In order to secure a desirable measure of continuity arrangements are commonly made for membership in a board of trustees to be renewed in part each year or two so that the losses by retirement and gains by election are never abrupt.

It is worth while making a diagram to indicate exactly how the complexion of a board can change in any given arrangement since a diagram will show that the actual voting control in a board can change rather more rapidly than one would suspect from the terms of renewal. In point of quorum procedure, the Rotunda Hospital in Dublin follows an unusual custom in having a board of 35 trustees with the stipulation that five shall constitute a quorum. This dispenses with the necessity of an executive committee and yet leaves open to all members of the board the option of participating at any meeting. In point of the number of a board of trustees it is rather good procedure to have the trustees an even number with the provision that the president's vote is involved only when opinion is exactly divided. Another good provision is to have an odd number with the president unable to vote. Consideration might well be given to the value of following the custom of tabling any question in which there is a dissenting minority.

The chief executive officer of the organization should in most instances be a member of the board of trustees but not the presiding officer. Another variation is to have the chief executive officer present at all meetings but without vote.

Methods of Operation. It is a common experience to see boards of trustees in large measure dominated by the chief executive officer of the undertaking for the simple reason that he is usually the best informed person and the man through whom opinions and plans are usually cleared before they become matters of formal presentation to the trustees. Insofar as this relates to executive function it is natural and desirable, but there is some doubt as to how effective it is in matters of general policy, and attention might be called to the importance in point of policy and general considerations of having someone other than the chief executive officer the person through whom matters are cleared and to whom the various trustees can talk individually and confidentially. On the subject of the methods to be followed with regard to meetings of the trustees the following points require settlement:

- Methods of calling a meeting
- Places and times
- Duration of the meeting
- Preparation of the docket
- Decision as to whether there shall be a financial limitation of appropriation at any given meeting.

The authority for calling a meeting ought to be defined and a decision made whether the board will have stated meetings, such as the first Wednesday in December or the like, or whether at the other extreme there shall be no stated meetings but meetings only on formal notification.

In some foundations when grants are to be considered affecting universities on whose boards or staff a trustee serves, it is the custom for the trustee having formal affiliation with the given university to withdraw from the trustees' meeting while the grant affecting his own institution is under discussion and only return after the vote has been taken.

In point of place and time for trustees' meetings, attention might be given to the advantages of holding meetings outside the large cities where it is always the temptation for trustees to make engagements that might conflict with any unexpectedly long meeting, or in any case to spend but little time in casual conversations that are sometimes very helpful to the corporate spirit of the board. It is suspected by some people that the seating arrangements during a trustees' meeting have of themselves a bearing on the nature of the discussions. In this sense it is usually preferable for such meetings to be held around a long table rather than on the basis of platform and audience relationship. The latter showing some tendency to imply differences of opinion and the antagonisms which develop less easily in the round table arrangement of seatings.

The preparation of docket is an important consideration. It is in many organizations wise to preclude the consideration of any item not in the docket, or to set a top limit of appropriations not appearing in docket form. Commonly a period of one week should elapse between the reception of the completed docket by every trustee and the time of the meeting. It is a purely ^{empirical} ~~impirical~~ observation that the

placement in the order of the docket of a contentious item is of some importance since it is hard to get critical attention for any items that immediately follow the passage of a much disputed recommendation.

Attention has been drawn elsewhere to the services of trustees as individuals, or outside of meetings. Mention ought to be made of the role of special committees - whether ad hoc or standing committees. Usually these small standing committees undertake special work assigned to the committee chairman, qualified slightly by the approval and knowledge of one or two other trustees of the work to be done. A quotation from a report of an excellent scientific institution is perhaps worth citing here: "The governing force is nothing more ponderable than the realization that every activity is under observation of someone who is sympathetically interested."

The recompense or reward for trustees' services varies, of course, with the nature of the enterprise or organization, and runs from cash payment ^{or} of honoraria through the system of paying travel expenses only to the rewards represented by the honor of the position or the fulfillment through trusteeship of individual interest in the type of work done. The implications of each form hardly deserve elaboration here, but it might be noted that when you want nothing but advice you can usually get advice which is as good when it is informal as it is by giving your adviser formal and widely known status as your adviser. It is not an uncommon experience to have the explicit position of ^{back down} adviser because there ^{men who as advisers are} are trustees likely to take their official status too seriously and resent the fact that their advice is not taken.

There are of course several possible defects or abuses of the trustee relationship. Sometimes banks or investment houses have been known to show satisfaction when their members are put on boards of college trustees since the investment of college funds can thus be controlled or influenced for ulterior purposes. But the common complaints are the following:

That the executive officers know the job so well
that the trustees are only used as rubber stamps;

That the docket confines itself to precise and
practical issues and so exclusively that trustees
never get any chance to discuss general policy and
wider values.

We have known of an organization where the actual appropriation and the terms of appropriation were left to the executive officers and the trustees' meetings were deliberately confined to nothing but discussion of policy. This is not cited as an ideal, but to bring into sharper contrast the constant need for keeping meetings open as much as possible to policy discussion -- the tendency is too much in the opposite direction.

Another abuse of trustee relationship is the use of trusteeship as a reward for generosity and the result is that a board of trustees is one-third to two-thirds donors in disguise. Circumstances will vary widely of course but it is often probable that such confusion of relationship would be much improved by assuring prospective trustees that the by-laws make it impossible for the organization to receive contributions from the trustees during their period of office or possibly during their life-time. You would still have an organization which would receive grants with dignity and administer them

with effectiveness, and a clearer line could be drawn between what is generosity and what is unselfishness.

These notes are offered for the little they may be worth and more to attract attention to points that deserve consideration than to define or imply what form that consideration should take. It is axiomatic that in matters of trusteeship it is the men that matter and this is largely because it is the character of the men that determines the enthusiasm and the productivity of their relationships. And yet insofar as some approximate description of required or expected relationships is concerned, it is justifiable to pay attention to the statement of those relationships and the factors apparently superficial and trivial but sometimes compelling and important which affect the way that men work.

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